

Message Text

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53

ACTION EB-11

INFO OCT-01 NEA-10 ADP-00 AID-20 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-03 PA-03

PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 CU-04 ABF-01 INT-08

RSR-01 /158 W

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R 311203Z JUL 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5884

INFO AMCONSUL CALCUTTA

UNCLAS NEW DELHI 8842

PASS COMMERCE

E.O. 11652:N/A

TAGS: BEXP IN

SUBJECT: WORLD BANK LOAN FOR CALCUTTA

1. EMBASSY HAS RECEIVED FOLLOWING REPORT FROM AMCONSUL CALCUTTA:
" A SEVEN-MEMBER OFFICIAL TEAM WHICH VISITED WASHINGTON
TO FINALIZE THE TERMS OF AGREEMENT ON THE FIRST WORLD BANK LOAN FOR
THE CALCUTTA METROPOLITAN DEVELOPMENT AUTHORITY (CMDA) RETURNED ON
JULY 14 HOPEFULLY ANTICIPATING THE CONCLUSION OF THE LOAN
AGREEMENT IN AUGUST. IMMEDIATELY AFTER HIS RETURN, THE
VICE CHAIRMAN OF THE CMDA, J.C. SEN GUPTA, STATED THE
WORLD BANK HAS AGREED TO RAISE THE LOAN AMOUNT TO DOLS35 MILLION
FROM ORIGINAL REQUEST OF DOLS30 MILLION REPAYABLE IN 50 YEARS
INCLUDING A GRACE PERIOD OF TEN YEARS. THE WORLD BANK WILL
ADVANCE THE LOAN AMOUNT THROUGH THE GOI CHARGING A NOMINAL
INTEREST AT THE ANNUAL RATE OF 0.75 PERCENT. THE GOI, IN TURN
WOULD CHANNEL THE LOAN AMOUNT, PARTLY IN HARD CURRENCY AND
PARTLY IN COUNTERPART RUPEE FUNDS TO THE CMDA THROUGH THE
GOVERNMENT OF WEST BENGAL CHARGING THE LATTER HIGHER INTEREST AT
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5 PER CENT PER ANNUM. THE TECHNICAL ADVISER OF THE CMDA, D.

MUKHERJEE, WHO PARTICIPATED IN THE WASHINGTON DISCUSSIONS, LATER TOLD THE LOAN PRESS THAT THE GOI MIGHT HAVE TO RELEASE DOLLARS 10 MILLION HARD CURRENCY IN ORDER TO PERMIT IMPORTS OF SPECIAL STEEL, SPECIAL TYPES OF CONSTRUCTION MACHINERY, AND SOPHISTICATED EQUIPMENT FOR VARIOUS CMDA PROJECTS.

2. COMMENTS: WE UNDERSTAND IT WILL TAKE AT LEAST THREE MONTHS TO PREPARE THE SHOPPING LIST OF IMPORT REQUIREMENTS. THE CMDA WILL ALSO COMPLY WITH THE BANK'S REQUEST TO UPDATE THE 1966 BASIC DEVELOPMENT PLAN FOR CMDA WITHOUT ALTERING ITS PRIORITIES IN PREPARATION BANK TEAM OF EXPERT'S ARRIVAL TOWARD END OF YEAR."

3. EMBASSY COMMENT: EMBASSY HAS QUERIED LOCAL WORLD BANK OFFICIALS ON LOAN. LATTER, WHILE AWARE OF PROJECT, HAVE NO WORD FROM WASHINGTON THAT WOULD CONFIRM DETAILS. SCHNEIDER

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